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## **AGENDA MEMO**

Needs Legal Review: Yes  
Council Meeting Date: December 19, 2018  
Agenda Item: Proposed Resolution 2018-12-477 Authorizing Interfund Loan  
Presented By: Jan Brending, Clerk Treasurer

### **ACTION REQUIRED:**

Approval of Resolution 2018-12-477 Authorizing Interfund Loan from Current Expense Fund to Street Fund.

### **PROPOSED MOTION:**

Motion to approve Resolution 2018-12-477, Authorizing Interfund Loan From Current Expense Fund to Street Fund.

### **Why is it a legislative issue:**

City Council approves all interfund loans through adoption of a resolution.

### **Explanation of issue:**

The Street Fund experiences a cash flow issue related to the reimbursement of expenditures through grant funds from the Transportation Improvement District. The City Administrator granted a Short-Term Loan in 2017 (per White Salmon Financial Policy G-3) that was to be repaid in 2018. The cash flow issue continued through 2018. The short-term loan is proposed to be converted to an interfund loan with repayment no later than January 31, 2019. A repayment of \$100,000 is included in the 2018 budget amendments with the remainder to be paid in 2019.

### **Budget:**

The change in loans is reflected in the 2018 budget amendments. A budget amendment will need to be made to the 2019 budget to reflect the repayment of the remaining balance in 2019.

### **Staff Recommendation:**

Staff and the budget committee recommend adoption of Resolution 2018-12-477 authorizing interfund loan from Current Expense Fund to Street Fund.

**RESOLUTION 2018-12-477**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WHITE SALMON,  
WASHINGTON, AUTHORIZING INTERFUND LOAN FROM CURRENT EXPENSE  
FUND TO STREET FUND**

**WHEREAS**, the City of White Salmon Street Fund has several projects that are funded with grant funds; and

**WHEREAS**, the City Administrator granted a Short-Term Loan (authorized by White Salmon Financial Policy G-3) November 1, 2017 from the Current Expense Fund to the Street Fund to be repaid by January 31, 2018 with interest at 1.1468% based on the Washington State Local Government Investment Pool gross earnings rate as of 10/31/2017; and

**WHEREAS**, due to the delay in receiving grant funds related to the 2017 projects and additional projects that are funded with grant funds in 2018 the City of White Salmon desires to convert the short-term loan to an interfund loan effective, January 1, 2018.

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF WHITE SALMON,  
WASHINGTON, DOES RESOLVE AS FOLLOWS:**

**Section 1. Amount of Interfund Loan**

The Current Expense Fund has loaned the Street Fund \$350,000 through a Short-Term Loan authorized by City of White Salmon Financial Policy G-3. The short-term loan is converted to an Interfund Loan as of January 1, 2018.

**Section 2. Repayment and interest calculations are as follows.**

The Street Fund will pay the Current Expense Fund principal and interest no later than January 31, 2019. The interest is based on the interest of return for the Local Government Investment Pool. The current gross earnings rate for the Local Government Investment Pool is 2.2886% as of 11/30/2018. Therefore the rate of 2.2886% is the interest rate of the loan. The amount of interest to be repaid is the annual amount of \$8,010.10 plus an additional month of interest at \$667.51 for January 2019 for a total interest payment of \$8,677.67.

ADOPTED by the Council of the City of White Salmon, Washington. Dated this 19<sup>th</sup> day of December, 2018.

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**David Poucher, Mayor**

**ATTEST:**

**APPROVED AS TO FORM:**

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**Jan Brending, Clerk Treasurer**

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**Kenneth Woodrich, City Attorney**